

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Mullin and Bates Analyst: Jane Tolman Bill Number: AB 1799
Related Bills: See Legislative History Telephone: 845-6111 Introduced Date: 01-08-2004
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Alzheimer's Disease & Related Disorders Research Fund/Extend Repeal Date To 01/01/2010

SUMMARY

This bill would extend the sunset date of the Alzheimer's Disease and Related Disorders Research Fund from January 1, 2005, to January 1, 2010.

PURPOSE OF THE BILL

The purpose of this bill is for the California Alzheimer's Disease and Related Research Fund to continue receiving contributions via the tax return.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative beginning on or after January 1, 2005.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Current federal law provides a true check-off to direct \$3 of a taxpayer's tax liability to the presidential election fund. Designation of the \$3 amount does not affect the amount of tax paid or the refund received by the taxpayer.

Current state law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to the 11 voluntary contribution funds listed on the state tax return. Each fund provides for the reimbursement of the Franchise Tax Board and Controller's cost to administer the fund.

Except for the California Seniors Special Fund, which has no sunset date, the voluntary contribution funds have various sunset dates. The Attachment shows the specific sunset dates for each voluntary contribution fund and indicates those funds that must meet a minimum contribution test (an indexed \$250,000) to remain on the return.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Gerald H. Goldberg

2/5/04

THIS BILL

This bill would extend the operation of the California Alzheimer's Disease and Related Research Fund from January 1, 2005, to January 1, 2010. Thus, this fund would last appear on income tax returns filed for the 2009 taxable year.

This bill also updates legislative findings related to statistical information about Alzheimer's and other dementia related diseases, including the number of people affected and the cost of caring for people afflicted by these diseases.

IMPLEMENTATION CONSIDERATIONS

The implementation of this bill would not significantly impact this department.

LEGISLATIVE HISTORY

AB 160 (Alquist, Stats. 1999, Ch. 315) extends the operation of the California Alzheimer's Disease and Related Research Fund to January 1, 2005.

SB 1447 (Alquist, Stats. 1996, Ch. 494) extended the repeal date of the Alzheimer's Disease Fund from January 1, 1997, to January 1, 2000.

SB 214 (Mello, Stats. 1987, Ch. 944) enacted the California Alzheimer's Disease and Related Research Fund that appeared on the return from January 1, 1987, to January 1, 1999.

OTHER STATES' INFORMATION

The states reviewed were *Illinois*, *Massachusetts*, *Michigan*, *Minnesota*, and *New York*. These states were selected due to their similarities to California's economy, business entity types, and tax laws.

Illinois and *New York* have listed on their tax returns contributions for Alzheimer's Disease Research Funds, similar to California. *Massachusetts*, *Michigan*, and *Minnesota* do not have research funds for this disease.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

The net revenue impact of this bill would be a negligible loss not exceeding \$32,000 annually beginning in 2005-06. Under current law, the last tax year that individuals would be able to make contributions to the Fund would be on their 2004 tax return. They would then be able to deduct those contributions on their 2005 tax return. Therefore, the last fiscal year, under current law, that contributions would have a fiscal impact would be 2004-05.

	2005-06	2006-07	2007-08
Personal Income Tax	Negligible loss*	Negligible loss*	Negligible loss*

*Negligible loss = not exceeding \$32,000

Any possible changes in employment, personal income, or gross state product that might result from this measure are not taken into account.

Revenue Discussion

According to departmental data, the average annual contribution to the Alzheimer's Disease and Related Disorder Research Fund over the 2000-01, 2001-02, and 2002-03 fiscal years was \$530,000. Assuming all contributors to this fund itemize their deductions, the annual revenue loss would be on the order of \$32,000 by applying an average marginal tax rate of 6% ($\$530,000 \times 6\% = \$31,800$).

LEGISLATIVE STAFF CONTACT

Jane Tolman
Franchise Tax Board
845-6111
Jane.Tolman@ftb.ca.gov

Brian Putler
Franchise Tax Board
845-6333
Brian.Putler@ftb.ca.gov